
TIMIA CAPITAL CORP.
CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
MAY 31, 2019 AND 2018
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated condensed interim financial statements, they must be accompanied by a notice indicating that the consolidated condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

Howard Atkinson
Director and Chair of the Audit Committee

TIMIA CAPITAL CORP.**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT MAY 31, 2019 AND NOVEMBER 30, 2018**

(Expressed in Canadian Dollars)

	May 31, 2019	November 30, 2018
ASSETS		
Cash	\$ 5,107,211	\$ 3,749,949
Accounts receivable	293,689	193,956
Current portion of loans receivable (Note 3)	334,731	320,255
Prepaid expenses	74,854	37,891
Total current assets	5,810,485	4,302,051
Non-current assets		
Loans receivable (Note 3)	15,556,506	8,987,309
Equity investments (Note 4)	965,100	965,100
TOTAL ASSETS	\$ 22,332,091	\$ 14,254,460
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	\$ 592,669	\$ 360,304
Current portion of convertible debentures (Note 5)	15,711	15,490
Current portion of debentures (Note 6)	78,295	54,622
Current portion of co-investment obligations (Note 7)	230,972	257,367
Total current liabilities	917,647	687,783
Non-current liabilities		
Convertible debentures (Note 5)	2,022,255	2,013,075
Debentures (Note 6)	5,994,259	5,399,712
Co-investment obligations (Note 7)	2,552,121	2,629,089
TOTAL LIABILITIES	11,486,282	10,729,659
EQUITY		
Share capital (Note 8)	4,520,366	4,439,179
Share-based payment reserve	1,283,043	1,214,258
Equity component of convertible debentures (Note 5)	82,070	82,070
Deficit	(3,111,813)	(2,210,706)
Total TIMIA Capital Corp. shareholders' equity	2,773,666	3,524,801
Non-controlling interest (Note 10)	8,072,143	-
Total equity	10,845,809	3,524,801
TOTAL LIABILITIES AND EQUITY	\$ 22,332,091	\$ 14,254,460

Nature of operations (Note 1)

Subsequent event (Note 13)

Approved on behalf of the Board of Directors:

/s/ "Howard Atkinson"

Howard Atkinson, Director

/s/ "David Demers"

David Demers, Director

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF NET INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS) (UNAUDITED)****FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

	Three months ended May 31, 2019	Three months ended May 31, 2018	Six months ended May 31, 2019	Six months ended May 31, 2018
REVENUE				
Interest income	\$ 680,260	\$ 428,940	\$ 1,190,590	\$ 768,094
Income from transaction and other fees	154,778	48,000	215,011	69,025
TOTAL REVENUE	835,038	476,940	1,405,601	837,119
EXPENSES				
Administrative, management, and directors' fees (Note 9)	329,346	231,273	462,478	360,949
Accounting and legal	61,993	21,021	100,787	18,023
Share-based payments (Note 9)	27,244	17,842	67,501	79,909
IR and communications	129,934	51,633	234,080	119,647
Marketing services and promotion	74,631	65,971	147,442	101,436
Office, travel, systems, and miscellaneous (Note 9)	73,777	69,357	140,854	125,850
Interest expense (Note 9)	249,646	203,005	485,941	374,198
Transfer agent and regulatory fees	9,954	14,472	11,261	16,023
Expected credit loss	32,877	30,043	51,464	57,587
	989,402	704,617	1,701,808	1,253,622
LOSS BEFORE OTHER ITEMS	(154,364)	(227,677)	(296,207)	(416,503)
OTHER ITEMS				
Gain on investments	-	1,036,104	-	1,345,007
Interest payments to co-investors	(87,383)	(124,478)	(179,427)	(161,078)
Fund structuring costs	(292,717)	-	(292,717)	-
Unrealized gain on investments	-	85,642	-	85,642
Foreign exchange gain (loss)	44,106	(220)	22,513	(591)
	(335,994)	997,048	(449,631)	1,268,980
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ (490,358)	\$ 769,371	\$ (745,838)	\$ 852,477
Net income (loss) and comprehensive income (loss) attributable to:				
Shareholders of the Company	(645,627)	769,371	(901,107)	852,477
Non-Controlling Interests (Note 10)	155,269	-	155,269	-
	\$ (490,358)	\$ 769,371	\$ (745,838)	\$ 852,477
NET EARNINGS (LOSS) PER COMMON SHARE BASIC AND DILUTED				
	\$ (0.02)	\$ 0.02	\$ (0.02)	\$ 0.02
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	36,643,787	34,582,957	36,439,992	34,429,690

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

	Three months ended May 31, 2019	Three months ended May 31, 2018	Six months ended May 31, 2019	Six months ended May 31, 2018
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (490,358)	\$ 769,371	\$ (745,838)	\$ 852,477
Items not involving cash:				
Share-based payments	27,244	17,842	67,501	79,909
Interest income	(87,148)	(84,821)	(107,967)	(106,196)
Interest accretion	40,863	38,064	80,435	72,274
Expected credit loss	32,877	30,043	51,464	57,587
Gain on investments	-	(1,036,104)	-	(1,345,007)
Interest payments to co-investors	87,383	-	179,427	-
Unrealized gain on investments	-	(85,642)	-	(85,642)
Unrealized foreign exchange gain	(52,397)	-	(52,397)	-
	(441,536)	(351,247)	(527,375)	(474,598)
Changes in non-cash working capital items:				
Accounts receivable	(20,515)	(74,138)	(99,733)	262,997
Prepaid expenses	(1,161)	13,347	(36,963)	27,456
Accounts payable and accrued liabilities	205,138	(342,927)	208,843	(152,820)
CASH USED IN OPERATING ACTIVITIES	(258,074)	(754,965)	(455,228)	(336,965)
INVESTING ACTIVITIES				
Disposal of loans receivable	-	3,039,193	-	6,044,799
Advances of loans receivable	(3,149,120)	(1,700,000)	(6,474,773)	(3,600,000)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(3,149,120)	1,339,193	(6,474,773)	2,444,799
FINANCING ACTIVITIES				
Proceeds on issuance of debentures, net	-	413,000	545,000	1,182,500
Proceeds from LP formation	8,100,000	-	8,100,000	-
Distributions paid	(237,386)	-	(237,386)	-
Proceeds on issuance of common shares, net	-	-	-	50,000
Proceeds on exercise of warrants	41,976	-	77,023	-
Proceeds on exercise of options	33,000	30,000	38,000	30,000
Proceeds from sale of co-investments	-	-	-	1,850,000
Payments to co-investors	(93,290)	(578,703)	(235,374)	(1,082,693)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	7,844,300	(135,703)	8,287,263	2,029,807
CHANGE IN CASH DURING THE PERIOD	4,437,106	448,525	1,357,262	4,137,641
CASH, BEGINNING OF PERIOD	670,105	4,402,908	3,749,949	713,792
CASH, END OF PERIOD	\$ 5,107,211	\$ 4,851,433	\$ 5,107,211	\$ 4,851,433

The Company has not paid any income taxes and all interest paid and received has been disclosed above.

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	Common shares		Share subscriptions received	Share-based payment reserve	Equity component of convertible debentures	Deficit	Non-controlling interest	Total
	Issued	Amount						
As at December 1, 2017	33,940,795 \$	4,187,319 \$	14,400 \$	923,538 \$	82,070 \$	(2,229,544) \$	- \$	2,977,783
Common shares issued	536,667	64,400	(14,400)	-	-	-	-	50,000
Options exercised	300,000	30,000	-	-	-	-	-	30,000
Share-based payments	-	-	-	79,909	-	-	-	79,909
Warrants issued on debentures	-	-	-	77,264	-	-	-	77,264
Net income and comprehensive income	-	-	-	-	-	852,477	-	852,477
As at May 31, 2018	34,777,462 \$	4,281,719 \$	- \$	1,080,711 \$	82,070 \$	(1,377,067) \$	- \$	4,067,433
As at December 1, 2018	36,065,462 \$	4,439,179 \$	- \$	1,214,258 \$	82,070 \$	(2,210,706) \$	- \$	3,524,801
TIMIA 1 LP formation (Note 10)	-	(54,260)	-	-	-	-	7,916,874	7,862,614
Options exercised	395,000	58,424	-	(20,424)	-	-	-	38,000
Warrants exercised	550,166	77,023	-	-	-	-	-	77,023
Share-based payments	-	-	-	67,501	-	-	-	67,501
Warrants issued on debentures	-	-	-	21,708	-	-	-	21,708
Net income (loss) and comprehensive income (loss)	-	-	-	-	-	(901,107)	155,269	(745,838)
As at May 31, 2019	37,010,628 \$	4,520,366 \$	- \$	1,283,043 \$	82,070 \$	(3,111,813) \$	8,072,143 \$	10,845,809

(The accompanying notes are an integral part of these consolidated condensed interim financial statements)

TIMIA CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

TIMIA Capital Corp. ("TIMIA" or the "Company") was incorporated under the Business Corporations Act of British Columbia on October 26, 2007 under the name Angelwest Capital Corp. The Company changed its name to GreenAngel Energy Corp. on October 27, 2009 and then to TIMIA Capital Corp. on September 23, 2015 and is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "TCA". The Company primarily focuses on providing financing to North American technology companies in exchange for either: i) variable monthly payments structured as a percentage of applicable revenue, subject to minimum monthly payments or ii) a fixed schedule of predetermined monthly payments. In addition to the capital injection, companies receiving financing from the Company receive a suite of value-added services such as benchmarking performance against industry best practices, and quarterly educational seminars. The Company's head office and principal place of business is Suite 207 - 415 West Cordova Street, Vancouver, British Columbia, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the presentation of these consolidated condensed interim financial statements are set out below. These policies have been consistently applied to all the years presented.

Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the audited annual financial statements for the year ended November 30, 2018.

These consolidated condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on July 24, 2019.

Basis of presentation

The consolidated condensed interim financial statements have been prepared using the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out below. All amounts are expressed in Canadian dollars unless otherwise stated.

Basis of consolidation

These consolidated condensed interim financial statements include the accounts of the Company and the following subsidiaries:

Entity	Country	Percentage Ownership of Parent
TIMIA Capital Corp.	Canada	-
TIMIA Capital General Partner Inc.	Canada	100%
TIMIA Capital Residual Partner Inc.	Canada	100%
TIMIA Capital I Limited Partnership	Canada	22.86% ⁽¹⁾

Note: (1) TIMIA Capital Corp. holds its interest in TIMIA Capital I Limited Partnership through the wholly owned subsidiary TIMIA Capital Residual Partners Inc.

All significant inter-company balances and transactions have been eliminated on consolidation.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Changes in accounting policies**

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of December 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Company did not adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions, the Company elected not to restate comparative figures. Any adjustments to carrying amounts of financial assets and liabilities at the date of transition were recognized in opening deficit and other reserves of the current period. The Company does not hedge financial exposures; therefore, the adoption of IFRS 9 hedge accounting is not applicable.

Consequently, for note disclosures, the amendments to IFRS 7 disclosures have only been applied to the current fiscal year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instrument: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail below.

The measurement category and the carrying amount of the financial assets and liabilities in accordance with IAS 39 and IFRS 9 at December 1, 2018 are compared as follows:

Financial Assets	IAS 39		IFRS 9	
	Measurement Category	\$	Measurement Category	\$
Cash and account receivables	Amortized Cost	3,943,905	Amortized Cost	3,943,905
Loans receivable	Amortized Cost	9,680,390	Amortized Cost	9,329,508
Equity investments	Fair Value through Profit and Loss	965,100	Fair Value through Profit and Loss	965,100
Financial Liabilities				
Debentures	Amortized Cost	5,454,334	Amortized Cost	5,454,334
Convertible debentures ⁽ⁱ⁾	Amortized Cost	2,028,565	Amortized Cost	2,028,565

Notes:

- (i) The convertible feature of this instrument is accounted for separately under both IAS 39 and IFRS 9 as the fair value of this feature is dependent on a variable (Company's share price) that is not closely related to the liability component of the instrument.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Changes in accounting policies (continued)****Reconciliation of financial statement balances from IAS 39 to IFRS 9**

With the exception of Loans receivable, the financial statement balances remain the same under both IAS 39 and IFRS 9 because the instruments do not require reclassification or remeasurement. Presented below is a reconciliation of the Loans receivable balance.

Loan Receivable balance	\$
As at November 30, 2018 using amortized cost under IAS 39	9,680,390
Reclassification	-
Remeasurement: ECL Allowance	350,882
As at December 1, 2018 using amortized cost under IFRS 9	9,329,508

Significant accounting judgements and estimates

The preparation of the consolidated condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated condensed interim financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Loans receivable are reviewed on a quarterly basis as to their collectability and an appropriate impairment charge is provided where considered necessary. The Company estimates a loan loss allowance on a quarterly basis by reviewing the underlying loan portfolio. The allowance represents the Company's estimate of the expected credit losses inherent in the loan portfolio, net of the future income stream belonging to the holders of the co-investment agreements. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations, general economic conditions, the underlying stability of the Company to which the loan was granted and has periodic discussions with the management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired.

Changes in these estimates and assessments may have a material impact on these consolidated condensed interim financial statements. The information about other significant areas of estimation uncertainty considered by management in preparing the consolidated condensed interim financial statements is:

- Fair value of equity investments not quoted in an active market;
- Variables used in estimating values of loans receivable;
- Variables used in determining expected credit losses;
- Measurement of equity and liability components of convertible debentures;
- Recognition of deferred tax assets; and
- Calculation of share-based payments expense.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates (continued)

The information about significant areas of judgement considered by management in preparing the consolidated condensed interim financial statements are:

- Determination of control of entities, giving rise to the consolidation thereof;
- Assessment of the Company's ability to continue as a going concern;
- The classification of financial instruments;
- Indicators of impairment of financial instruments; and
- The valuation of financial assets and liabilities recorded on the statement of financial position which is derived from a variety of valuation techniques.

Measurement methods

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amounts of the respective financial assets or financial liabilities are adjusted to reflect the new estimates discounted using the effective interest rate. Any changes are recognized in profit and loss.

Initial recognition and measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus the transaction costs such as fees and commissions that are directly attributable to its acquisition or issue. Transaction costs are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and for investments in debt instruments measured at FVOCI, as described the section entitled *Expected Credit Loss Measurement*, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

Cash

Cash is comprised of cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

From December 1, 2018, the Company has applied IFRS 9 and classified its financial assets in the following measurement categories:

- Fair value through profit or loss or "FVPL";
- Fair value through other comprehensive income or "FVOCI"; and
- Amortized cost.

Debt instruments

The classification and subsequent measurement of debt instruments depends on:

- (i) The Company's business model for managing assets; and
- (ii) The cash flow characteristics of the asset.

Based on this factor the Company classifies its debt instruments in one of the following three measurement categories.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in note 3.1.2. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Business model: the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

It has been determined by Company management that the objective of the Company is solely to collect contractual cash flows arising from the investments. Historic profits generated from the early extinguishment of the obligations by the borrower are not within the control of the Company and are considered to be incidental to the business model.

SPPI: As the Company's business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, that is to say the asset fails the SPPI test, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of its loans. When this happens, the Company assesses whether or not the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

- (i) the Company transfers substantially all the risks and rewards of ownership, or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition other than on a modification (continued)

The Company enters into Co-investment agreements where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

Loans receivable

The debt instruments held by the Company are loans receivable. Loans receivable consist of loans provided to North American technology companies in exchange for either a variable monthly payment schedule structured either as a percentage of applicable revenue, subject to minimum monthly payments or a fixed schedule of predetermined monthly payments. Loans receivable are recognized as non-derivative financial assets and are classified as loans and receivables. On initial recognition the Company evaluates the characteristics of each investment to determine if the loan passes the SPPI test, as described above. If the loan is determined to pass the SPPI test, it is carried at amortized cost. Otherwise it is carried at fair value (FVOCI).

Equity instruments

The Company measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the consolidated statement of profit or loss.

The Company holds equity investments consisting of common shares and warrants held in non-public technology companies. At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the financial statements. Options and warrants of non-public companies are valued using option pricing models when there is sufficient and reliable observable market inputs.

Equity investments are initially recorded at cost at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by taking into account the following circumstances:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Equity instruments (continued)

- There has been a significant subsequent equity financing provided by outside investors at a valuation above or below the current fair value of the investee, in which case the fair value of the investment is adjusted to reflect the value at which the financing took place;
- Based on financial information received from the investee it is apparent to the Company that the investee is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward;
- The investee is placed into receivership or bankruptcy; or
- There have been significant corporate, political, operating or economic events affecting the investee that, in the Company's opinion, have a positive or negative impact on the investee's prospects and, therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be ultimately realized or realizable. Such events include, without limitation:
 - receipt or denial of necessary approvals that allow or prevent the investee to proceed with its project(s);
 - release by the investee of positive or negative technical results, which either proves or disproves its technical prospects; and
 - management personnel changes at the investee level that the Company's management believes will have a very positive or negative impact on the investee's ability to achieve its objectives and build value for shareholders.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized. The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Company. Any fair value estimated by the application of these techniques may not ultimately be realized. Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the consolidated statement of comprehensive income and loss.

Financial liabilities

Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified and subsequently measured at amortized cost.

Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition (continued)

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, the difference between fair values at the date of modification is recognized through gain or loss on modification and the difference along with any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Convertible debentures

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

Debentures

The Company uses the relative fair value method when allocating the fair value of the share purchase warrants issued in conjunction with debentures. The Company measures the fair value of the debentures issued at the fair value of the consideration received. The Company measures the fair value of the warrants on the date of issuance as determined using the Black-Scholes Option Pricing Model.

Revenue recognition

Interest income on loans

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset. (i.e. amortized cost). When a financial asset that is carried at amortized cost subsequently becomes credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost, net of the expected credit loss provision. Such amounts are recorded in income when management is reasonably assured of collection.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Income from transaction and other fees

Income from diligence fees, setup fees as well as other fees and penalties are recognized when persuasive evidence of an arrangement exists, services have been rendered, the price is determinable, and collectability is reasonably assured.

Functional currency

The consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Basic and diluted earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted earnings (loss) per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

The share option plan allows Company employees, directors and consultants to acquire shares of the Company. All options granted are measured at fair value and are recognized in expenses as share-based payments with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model ("Black-Scholes Model"), taking into account the terms and conditions upon which the options were granted. Share options granted to nonemployees or consultants are measured at the fair value of goods or services received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Accounting standards adopted during the period

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended November 30, 2019. These standards have been assessed to not have a significant impact on the Company's consolidated condensed interim financial statements.

The following accounting standards have been adopted by the Company effective December 1, 2018:

IFRS 2 Share-based Payments - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendments provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 which replaces IAS 11 - *Construction Contracts*, IAS 18 - *Revenue*, IFRIC 13 - *Customer Loyalty Programmes*, IFRIC 15 - *Agreements for the Construction of Real Estate*, IFRIC 18 - *Transfers of Assets from Customers*, and SIC 31 - *Revenue - Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company's revenue recognition in accordance with IFRS 15 is expected to be consistent with that of IAS 18 which is currently in use. The adoption of IFRS 15 is not expected to have a material impact on the Company's consolidated condensed interim financial statements.

IFRS 9 Financial Instruments - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses the classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards adopted during the period (continued)

investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The adoption of IFRS 9 is discussed in more detail in Note 2 under the section entitled *Changes in Accounting Policies*.

Accounting standards and amendments issued but not yet effective

The following accounting standards will be adopted by the Company effective December 1, 2019:

IFRS 16 Leases - In January 2016, the IASB issued IFRS 16 - *Lease*, which supersedes IAS 17 - *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. IFRS 16 is effective for annual period beginning on or after January 1, 2019 with earlier adoption permitted, but only if also applying IFRS 15 - *Revenue from Contracts with Customers*. Management is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

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3. LOANS RECEIVABLE

The Company makes loans to software companies who have a recurring revenue business model in Canada and the United States of America. All loans receivable are between two and eight years in terms and all of the loans receivable in the Company's portfolio are secured by General Security Agreements.

	May 31, 2019	November 30, 2018
Opening balance	\$ 9,680,390	\$ 7,075,608
Advances on loans receivable	6,474,773	8,295,303
Interest revenue	1,156,106	1,494,887
Interest and principal payments	(1,048,139)	(1,259,338)
Settlement of investments	-	(5,926,070)
Foreign exchange	52,397	-
Closing balance	16,315,527	9,680,390
Less: current portion	(334,731)	(320,255)
Non-current portion	\$ 15,980,796	\$ 9,360,135
ECL (loan loss) provision, opening balance	\$ (372,826)	\$ (242,646)
Add: ECL provision for outstanding loans ⁽¹⁾	(51,464)	(130,180)
ECL (loan loss) provision, closing balance	\$ (424,290)	\$ (372,826)
Loans receivable, non-current portion	\$ 15,980,796	\$ 9,360,135
ECL (loan loss) provision, closing balance	(424,290)	(372,826)
Loans receivable, net of ECL (loan loss), non-current portion	\$ 15,556,506	\$ 8,987,309

Note 1. The Expected Credit Loss (ECL) for the period ending May 31, 2019 represents the net amount required to adjust to the Expected Credit Loss as calculated under IFRS 9.

As of December 1, 2018, the Company assessed the stage of each individual investment in accordance with IFRS 9. Adjustments to the ECL are recognized through the consolidated statement of comprehensive income or loss.

Details of the expected credit loss model can be found in Note 11 under the heading *Expected Credit Loss Measurement*.

TIMIA CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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3. LOANS RECEIVABLE (continued)

The ECL provision for the period from December 1, 2018 to May 31, 2019 is calculated as follows:

	Stage 1	Stage 2	Stage 3	Total
Opening amortized loan balance	\$ 7,645,735	\$ 2,034,655	\$ -	\$ 9,680,390
Advances on loans receivable	6,474,773	-	-	6,474,773
Interest revenue, net of interest and principal payments	79,596	28,371	-	107,967
Loans receivable moved to stage 2	-	-	-	-
Loans receivable moved to stage 3	-	-	-	-
Settlement of investments	-	-	-	-
Foreign exchange	52,397	-	-	52,397
Less: current portion	(334,731)	-	-	(334,731)
Closing balance, non-current portion	\$ 13,917,770	\$ 2,063,026	\$ -	\$ 15,980,796
Expected Credit Loss, opening balance	\$ (43,529)	\$ (307,353)	\$ -	\$ (350,882)
Add: ECL for outstanding loans	(67,484)	(5,924)	-	(73,408)
Expected Credit Loss, closing balance	\$ (111,013)	\$ (313,277)	\$ -	\$ (424,290)
Loans receivable, non-current portion	\$ 13,917,770	\$ 2,063,026	\$ -	\$ 15,980,796
ECL provision, closing balance	(111,013)	(313,277)	-	(424,290)
Loans receivable, net of ECL, non-current portion	\$ 13,806,757	\$ 1,749,749	\$ -	\$ 15,556,506

Prior to December 1, 2018, a general loan loss provision of 3% per annum of the weighted average loans receivable balance net of the future income stream to the co-investment obligation agreement holders was accrued in the amount of \$372,826.

Loans receivable by type

The Company provides two main types of loan facilities.

- A **Short Term Loan** is designed for borrowers that anticipate achieving a financing milestone in the relatively near future. Typically, two to three years in length, these facilities require the borrower to pay approximately two thirds of the interest monthly. The remainder of the interest is accrued over the term of the loan and is due and payable at the end of the term.
- A **Revenue Finance Loan** (fixed or floating) is a type of growth capital provided by TIMIA to a company in which loan payments are tied to the forecast revenue of the Company. Any unamortized amounts are due and payable at the end of the term.

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3. LOANS RECEIVABLE (continued)

Loans receivable by type (continued)

The following table presents a breakdown of the loan portfolio by type of loan.

	At May 31, 2019		At November 30, 2018	
	Number of Loans	Carrying Value	Number of Loans	Carrying Value
Short Term Loans	3	\$ 3,231,964	2	\$ 2,217,269
Revenue Finance Loans	12	13,083,563	8	7,463,121
Total	15	\$ 16,315,527	10	\$ 9,680,390

Loans receivable by geography

The Company advances loans in Canada and the United States of America. The following table presents a breakdown of the loan portfolio by geography, denominated in Canadian dollars.

	At May 31, 2019		At November 30, 2018	
	Number of Loans	Carrying Value	Number of Loans	Carrying Value
Canada	11	\$ 11,309,784	9	\$ 8,337,612
United States of America	4	5,005,743	1	1,342,778
Total	15	\$ 16,315,527	10	\$ 9,680,390

4. EQUITY INVESTMENTS

As at May 31, 2019, the Company held the following equity investments:

Investees	Common Shares	Cost	Fair Value
Moj.io Inc.	427,998	\$ 43	\$ 462,300
Lambda Solutions Inc.	185,000	46,538	77,700
CamDo Solutions Inc.	1,062,500	25,100	425,100
		\$ 71,681	\$ 965,100

As at November 30, 2018, the Company held the following equity investments:

Investees	Common Shares	Cost	Fair Value
Moj.io Inc.	427,998	\$ 43	\$ 462,300
Lambda Solutions Inc.	185,000	46,538	77,700
CamDo Solutions Inc.	1,062,500	25,100	425,100
		\$ 71,681	\$ 965,100

On July 10, 2018, the Company exited its investment of Mazza Innovation Ltd. ("Mazza") for total proceeds of \$232,187, realizing a gain of \$88,187 during the year ended November 30, 2018.

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5. CONVERTIBLE DEBENTURES

During the year ended November 30, 2015, the Company closed an offering of convertible debentures (the "Convertible Debentures") for gross proceeds of \$1,767,500 (the "Principal"). The issue costs were \$6,656 resulting in net proceeds of \$1,760,844. The Convertible Debentures bear interest from the date of issuance at 8% per annum, payable monthly in arrears. The Convertible Debentures have a maturity date of five years from the date of issuance (the "Maturity Date"). The debenture holders may elect at any time to convert all, but not less than all, of their outstanding Principal amount prior to the Maturity Date into common shares of the Company at a conversion price of \$0.14 per common share.

During the year ended November 30, 2016, the Company closed an additional offering of Convertible Debentures for gross proceeds of \$283,500 bringing the total amount of Convertible Debentures raised to \$2,051,000.

For accounting purposes, the Convertible Debentures are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 9% for Convertible Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Convertible Debentures and the fair value of the liability component.

The Convertible Debentures are not redeemable before the third anniversary from the issuance date. On or after the third anniversary of the issuance date, but prior to the Maturity Date, the Company may, at its option, redeem the Convertible Debentures, in whole or in part, at a price equal to the principal amount of the Convertible Debentures plus all accrued and unpaid interest up to but excluding the date of redemption.

The Company is not permitted to grant any liens on the Company or its assets as long as the Convertible Debentures are outstanding except with the permission of more than 67% of the Convertible Debentures holders.

The following table summarizes the outstanding balance and changes in the components of the convertible debentures during the periods ended May 31, 2019 and November 30, 2018:

	May 31, 2019	November 30, 2018
Principal		
Beginning balance	\$ 2,051,000	\$ 2,051,000
Advanced during the period	-	-
Gross proceeds received	2,051,000	2,051,000
Issue costs	(6,656)	(6,656)
Equity component less issue costs allocated	(82,070)	(82,070)
Liability component initially recognized	1,962,274	1,962,274
Accumulated accretion expense	59,981	50,801
Ending balance	2,022,255	2,013,075
Equity		
Beginning balance	82,070	82,070
Equity component recognized	-	-
Ending balance	\$ 82,070	\$ 82,070

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6. DEBENTURES

During the year ended November 30, 2016, the Company closed an offering of debentures (the "Debentures") for proceeds of \$1,490,000. The Debentures are unsecured, pay interest at the rate of 8% per annum, paid monthly, and mature on March 31, 2021, with an option for early redemption by the Company after three years. The Company issued a total of 3,725,000 share purchase warrants in conjunction with the closing of the Debentures. Each warrant is exercisable at \$0.20 for a five-year term. The Debentures, the warrants and any common shares issuable upon exercise thereof will be subject to a four-month hold period in accordance with applicable securities laws. The warrants were valued at \$314,811 and have been recorded against the value of the Debentures and will be accreted over the expected life of the Debentures.

During the year ended November 30, 2017, the Company initiated a new series of Debenture offerings. The Debentures will pay 12% annual interest with quarterly payments and will be secured against the assets of the Company with a maturity date of June 15, 2022, with an option for early redemption by the Company after three years from the date of issuance. Investors who subscribe for more than \$50,000 of the Debentures will be entitled to common share purchase warrants at a rate of 4,000 warrants per \$10,000 of Debentures. Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.25 and will have an expiry date of June 15, 2022.

On December 13, 2018, the Company closed a private placement of \$1,320,000 of Series E debentures with warrants, of which \$775,000 in debentures with 258,333 warrants were issued during the year ended November 30, 2018. This private placement which was priced at \$100 per unit resulted in a total issuance of 13,200 debentures and 440,000 warrants. The debentures bear an interest rate of 12% per annum, payable quarterly in arrears, have a term of five years from November 30, 2018 and will be secured against the assets of the Company. The warrants are exercisable for five years from November 30, 2018, at a price of \$0.30 per share. A total commission of \$28,700 and 95,666 broker warrants, exercisable at \$0.30 with a two-year term, were paid as part of this transaction.

During the period ended May 31, 2019, the Company closed \$545,000 of Debentures bringing the total amount of Debentures issued to \$6,460,200. During the period ended May 31, 2019, \$62,228 has been recognized as accretion expense.

The Company has agreed not to allow any liens or charges to be registered against its assets as long as the Debentures are outstanding, except with the permission of more than 67% of the Debenture holders, except in certain limited circumstances and conditions.

The following table summarizes the outstanding balance and changes in the amounts recognized in the components of the Debentures during the periods ended May 31, 2019 and November 30, 2018:

	May 31, 2019	November 30, 2018
Principal		
Beginning balance	\$ 5,399,712	\$ 3,548,099
Advanced during the period	545,000	1,957,500
Repayments during the period	-	(136,505)
Reinvestment of interest	9,027	18,038
Gross proceeds received	5,953,739	5,387,132
Allocated to warrants	(21,708)	(102,888)
Liability component initially recognized	5,932,031	5,284,244
Accretion expense	62,228	115,468
Ending balance	\$ 5,994,259	\$ 5,399,712

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7. CO-INVESTMENT OBLIGATIONS

The Company enters into co-investment agreements that provide non-dilutive capital in exchange for the ability for qualified investors to participate directly in the Company's portfolio of investments ("Co-investors"). Under this model, Co-investors enter into an agreement that entitles them to receive a fixed percentage of all cash flow derived from a specified portfolio of investments. The co-investment agreements will terminate upon the discharge of all of the obligations of the respective parties that make up the underlying loans receivable portfolio. The actual amounts paid and timing of payments under the co-investment agreements depend on the performance of the underlying loans receivable.

On November 23, 2017, the Company entered into a co-investment agreement that provided \$250,000 of non-dilutive capital. The Company closed similar financings on January 18, 2018 for \$350,000, on January 29, 2018 for \$1,500,000, on June 13, 2018 for \$1,000,000 on June 27, 2018 for \$750,000 and on October 29, 2018 for \$1,000,000. As of May 31, 2019, the Company has raised \$4,850,000 using such arrangements.

	May 31, 2019	November 30, 2018
Co-Investment Obligation		
Beginning balance	\$ 2,886,456	\$ 250,000
Advanced during the period	-	4,600,000
Payments, net accrued interest	(103,363)	(1,963,544)
Ending balance	2,783,093	2,886,456
Less: current portion	(230,972)	(257,367)
Non-current portion	\$ 2,552,121	\$ 2,629,089

8. SHARE CAPITAL

(a) Authorized:

An unlimited number of common voting shares without par value.

(b) Issued:

On January 4, 2018, the Company closed a non-brokered private placement of 536,667 Units at a price of \$0.12 per unit for gross proceeds of \$64,400. \$14,400 of the proceeds received was included as share subscriptions received at November 30, 2017. Each unit is composed of one common share and a half of one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share at an exercise price of \$0.14 per warrant share for a period of 24 months from the date of closing of the private placement.

On April 29, 2018, the Company issued 300,000 common shares related to the exercise of 300,000 stock options at an exercise of \$0.10 per share. The fair value of the stock options of \$15,780 has been reallocated to share capital from the share-based payment reserve.

On September 24, 2018, 1,288,000 common shares were issued pursuant to the exercise of 1,288,000 warrants at an exercise of \$0.11 per share. The individual exercising the warrants was a member of senior management.

During the period ended May 31, 2019, the Company issued 395,000 common shares related to the exercise of 395,000 stock options for proceeds of \$58,424. The fair value of the stock options of \$20,424 has been reallocated to share capital from the share-based payment reserve.

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8. SHARE CAPITAL (continued)

(b) Issued: (continued)

During the period ended May 31, 2019, the Company issued 550,166 common shares related to the exercise of 550,166 share purchase warrants at an exercise price of \$0.14 per share.

(c) Stock options:

The Company has adopted an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 5,500,000 Common Shares, being a number equal to 15.95% of the outstanding issue as of the date of shareholder approval of the plan. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of TSX-V. Options granted may not exceed a term of five years from the grant date. Options granted to consultants conducting investor relation activities vest 25% upon grant, and 25% every three months thereafter. The vesting period for all other options will be determined by the Board of Directors at the time of each grant.

On May 10, 2018, the Company granted 1,220,000 stock options to the members of the management team, employees and board members exercisable at a price of \$0.17 per share and expiring five years from the date of grant.

On May 10, 2018, the Company granted an additional 250,000 stock options to certain members of the management team and board of directors exercisable at a price of \$0.17 per share and expiring one year from the date of grant.

On February 15, 2019, the Company granted 75,000 stock options to a new member of the management team exercisable at a price of \$0.175 per share and expiring five years from date of grant.

On May 14, 2019, the Company granted 1,090,000 stock options to the members of the management team, employees and board members exercisable at a price of \$0.215 per share and expiring five years from the date of grant.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2017	3,535,000	\$ 0.09
Issued	1,470,000	0.17
Exercised	(300,000)	0.10
Balance, November 30, 2018	4,705,000	0.12
Issued	1,165,000	0.21
Exercised	(395,000)	0.10
Expired	(300,000)	0.15
Balance, May 31, 2019	5,175,000	\$ 0.14

TIMIA CAPITAL CORP.

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8. SHARE CAPITAL (continued)

(c) Stock options: (continued)

Additional information regarding stock options outstanding as at May 31, 2019 is as follows:

Exercise Price	Outstanding			Exercisable		
	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	
\$ 0.05	780,000	1.18	\$ 0.05	780,000	\$ 0.05	
0.06	680,000	1.30	0.06	680,000	0.06	
0.14	1,330,000	2.65	0.14	912,174	0.14	
0.17	1,220,000	3.46	0.17	753,808	0.17	
0.18	75,000	4.72	0.18	21,575	0.18	
\$ 0.22	1,090,000	4.96	0.22	35,553	0.22	
	5,175,000	2.95	\$ 0.14	3,183,110	\$ 0.14	

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes option pricing model with following weighted average assumptions and resulting grant date fair value:

	2019	2018	2017
Weighted average assumptions:			
Risk-free interest rate	1.57% - 1.80%	1.74% - 2.24%	1.09%
Expected dividend yield	-	-	-
Expected option life (years)	5.00	1.00 & 5.00	5.00
Expected stock price volatility	110% - 116%	100% - 132%	135%
Weighted average fair value at grant date	\$0.24	\$0.17	\$0.14
Expected forfeiture rate	-	-	-

(d) Warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2017	10,027,481	\$ 0.18
Issued	999,666	0.22
Cancelled	(375,000)	0.20
Exercised	(1,288,000)	0.12
Balance, November 30, 2018	9,364,147	\$ 0.19
Issued	181,667	0.30
Exercised	(550,166)	0.14
Balance, May 31, 2019	8,995,648	\$ 0.20

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8. SHARE CAPITAL (continued)

(d) Warrants: (continued)

Additional information regarding warrants outstanding and exercisable as at May 31, 2019 is as follows:

Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
\$ 0.14	2,354,167	0.17	\$ 0.14
0.14	60,001	0.60	0.14
0.20	2,175,000	2.00	0.20
0.20	625,000	2.14	0.20
0.20	925,000	2.50	0.20
0.20	1,125,000	2.75	0.20
0.25	140,080	2.75	0.25
0.20	22,500	2.82	0.20
0.25	44,800	3.00	0.25
0.25	288,600	3.25	0.25
0.20	62,500	3.50	0.20
0.25	260,000	3.50	0.25
0.25	307,800	3.75	0.25
0.25	165,200	4.00	0.25
0.30	258,333	4.50	0.30
\$ 0.30	181,667	4.75	0.30
	8,995,648	2.01	\$ 0.20

9. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

The Company had the following related party transactions:

- Certain directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel invested in the Company's convertible debentures. As at May 31, 2019, there was \$598,170 (November 30, 2018: \$814,653) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director.
- Debentures of \$1,582,500 (November 30, 2018: \$675,000) were issued to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel. As at May 31, 2019, there was \$1,610,676 (November 30, 2018: \$788,672) due to directors, officers, family members of directors and officers and a company controlled by a director.
- During the six months ended May 31, 2019, \$77,355 (2018: \$44,326) of interest from both debentures and convertible debentures were accrued or paid to certain directors, officers, family members of directors and officers and a company controlled by a director.
- Accounts payable of \$9,724 (November 30, 2018: \$13,183) was due to directors and/or officers identified as key management personnel as at May 31, 2019.

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9. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION (continued)

- (e) Rent expense of \$8,400 (2018: \$Nil) was accrued or paid during the six months ended May 31, 2019.
- (f) Investments by directors and their family accounts for \$1,000,000 of Limited Partner contributions.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Credit Officer, and directors as key management personnel. Key management compensation for the six months ended May 31, 2019 and 2018 were as follows:

- (a) Directors fees of \$20,274 (2018: \$22,766) were accrued or paid during the six months ended May 31, 2019.
- (b) Management fees of \$259,583 (2018: \$327,739) were accrued or paid during the six months ended May 31, 2019.
- (c) Share-based payments of \$67,501 (2018: \$79,909) were recorded for directors and certain officers identified as key management personnel for the six months ended May 31, 2019.

10. NON-CONTROLLING INTEREST (“NCI”)

On March 6, 2019, the Company completed a \$10,500,000 (“Committed Capital”) financing in launching its first Limited Partnership (“LP”). Under the terms of the LP, TIMIA will retain at least 20% of the LP units and act as the LP’s manager. Eight financing facility agreements from TIMIA’s existing portfolio of SaaS companies, representing \$8,230,132 in assets were transferred at fair value into the LP. The monthly payments from the transferred loan portfolio will be distributed on a pro rata basis to LP unit holders, including TIMIA, going forward. Consideration for this transaction was \$5,830,132 in cash and \$2,400,000 in Class B partnership units. Class B partnership units are pari passu with the Class A units and are entitled to an enhanced distribution of an additional 20% of the income after the holders of the Class A units have earned an 8% return.

TIMIA is entitled to receive a management fee of 1.5% of Committed Capital for the first six years and 0.75% thereafter. In addition, the LP reimburses TIMIA for operating expenses incurred on its behalf.

	TIMIA Capital	TIMIA Capital I LP
NCI percentage	22.86%	77.14%
Balance, February 28, 2019	\$ -	\$ -
Contributions	2,400,000	8,100,000
Net income and comprehensive income	46,006	155,269
Distributions paid	(54,260)	(183,126)
Balance, May 31, 2019	\$ 2,391,746	\$ 8,072,143

TIMIA CAPITAL CORP.**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2019 AND 2018**(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK**Financial instruments**

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as of the periods ended May 31, 2019 and November 30, 2018:

	May 31, 2019	November 30, 2018
Cash – FVTPL	\$ 5,107,211	\$ 3,749,949
Accounts receivable – Amortized costs	293,689	193,956
Loans receivable – Amortized costs	15,891,237	9,307,564
Equity investments – FVTPL	965,100	965,100
Accounts payable – Amortized costs	409,778	206,399
Convertible debentures – Amortized costs	2,037,966	2,028,565
Debentures – Amortized costs	6,072,554	5,454,334
Co-investment obligations – Amortized costs	2,783,093	2,886,456
Non-Controlling Interest (Limited Partnership)-FVTPL	\$ 8,072,143	\$ -

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Equity investments are carried at their fair value. Loans receivable, accounts receivable, convertible debentures, co-investment obligations, and debentures are carried at amortized cost.

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments, measured at fair value on the consolidated condensed interim statements of net assets and categorized into levels of the fair value hierarchy:

	Balance at May 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 5,107,211	\$ 5,107,211	\$ -	\$ -
Equity investments	\$ 965,100	\$ -	\$ 965,100	\$ -

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11. FINANCIAL INSTRUMENTS AND RISK (continued)**Financial instruments (continued)**

The investment operations of the Company's business involve the purchase and sale of securities, and accordingly, a portion of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, a discussion of which is provided below.

There were no transfers from Level 1 to 2 or Level 2 to 1 during the periods ended May 31, 2019 and November 30, 2018.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
	\$	\$	\$	\$	\$
Accounts payable	409,778	409,778	409,778	-	-
Convertible debentures	2,037,966	2,037,966	15,711	2,022,255	-
Debentures	6,072,554	6,072,554	78,295	-	5,994,259
Co-investment obligations	2,783,093	2,783,093	230,972	-	2,552,121
Total	11,303,391	11,303,391	734,756	2,022,255	8,546,380

Foreign exchange risk

The Company's foreign exchange risk is due to the Company's four loan investments totaling US\$3,600,000 which are currently valued together at \$5,005,743 denominated in Canadian dollars.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Market risk

Market risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company's financial position.

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11. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Market risk (continued)

The Company manages market risk by having a portfolio of investments not singularly exposed to any one issuer; however, its investment activities are currently concentrated primarily in the technology and energy sectors. The Company also manages its market risk by reviewing commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and loan investments. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and loan investments.

Credit risk measurement

In monitoring credit risk, the Company performs ongoing credit evaluations of its investees' financial condition. The evaluation considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition.

As of December 1, 2018, the Company calculates an expected credit loss as outlined below. In prior periods, the Company accrued a loan loss provision of 0.75% (3% p.a.) of the portfolio amortized loan balance, net of future cash flows belonging to the holders of the co-investment obligation agreements.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

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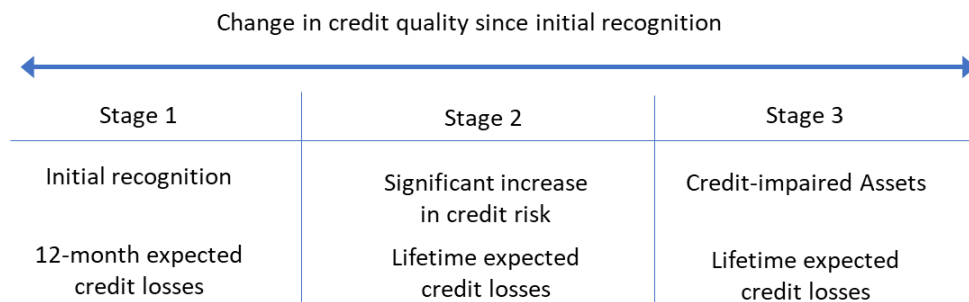
(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Credit risk (continued)

The following diagram summarizes the impairment requirements under IFRS 9:



The Company assigns each loan in the portfolio to a credit quality stage of Stage 1, Stage 2 or Stage 3. This credit quality staging is then used to calculate the lifetime ECL. The lifetime ECL is the maximum loss in default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model. The expected credit loss expense this quarter is \$32,877 and the loan loss accrued is \$424,290 as at May 31, 2019. The breakdown of the ECL expense per investor is shown below.

Investor	ECL Expense Attribution
TIMIA Corp.	\$ (286)
Limited Partnership	33,501
Co-investors	(338)
TOTAL ECL	\$ 32,877

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative or qualitative criteria have been met:

- The investment is more than 30 days but less than 90 days in arrears on its contractual payment obligations;
- The Company's management believes the cash resources available to the investment may not be sufficient to meet ongoing needs; or
- The investment has significantly underperformed with respect to revenue growth and expense control.

An investment is considered to be in stage 3 if:

- The investment is 90 days past due on contractual payments;
- The investment is in long term forbearance;
- The investment is insolvent; or
- The investment is in breach of financial covenants.

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11. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments (continued)

Credit risk (continued)

Expected credit loss model

The Company determines the lifetime expected credit loss to be the maximum loss in a default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable.

The maximum default loss is a function of the relative exposure of the Company to a particular investment. The Company assesses this as a ratio of the enterprise value of the underlying entity to the amortized loan balance. Based on this ratio, the Company assigns the loan receivable to a maximum default loss band. Each band has a loss percentage based on historic experience.

The probability of default represents the likelihood that the borrower defaults on its financial obligation. As such it is dependent on the stage of the investment at the measurement date. An investment in stage 3 is in default by definition so the likelihood of default is 100%. Stage 1 and stage 2 credits are assigned default probabilities based on historic experience and an assessment of forward looking macro-economic trends. If Company management determines that a segment of the portfolio is facing macro-economic trends that differ from other investments in the portfolio, the probability of default will be adjusted accordingly for that segment.

The Company reviews the stage of each loan receivable and recalculates the ECL every reporting period. Changes to the ECL are recognized on the Statement of Comprehensive Income or Loss in the period of the change.

The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model.

Credit risk exposure

The Company's credit risk exposure by ECL staging is included in a table in Note 3 Loans Receivable.

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12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to identify and to invest in investments with strong cash-flow and long-term growth potential, to maintain financial strength, to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long-term. The Company is subject to certain restrictions on its assets as described in Notes 5 and 6. The Company does not have any other externally imposed capital requirements to which it is subject. The capital of the Company comprises shareholders' equity, convertible debentures, private placements through a Limited Partnership fund, debentures and co-investment obligations.

The Company manages and adjusts the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets.

The Company's investment policy is to invest in software companies that have strong revenue growth and gross margins. Management looks to invest in assets that will create routine monthly cash-flow, as well as periodic gains when the investments are sold or achieve an initial public offering.

If the Company does not receive sufficient cash flows from its activities, it may have to undertake a private placement to cover its cash outflows.

13. SUBSEQUENT EVENT

On June 19, 2019, the Company entered into two investment facilities for Western-US-based companies totaling US\$4,000,000. The financing facilities comprise transactions with initial disbursements of US\$750,000 and US\$500,000, respectively, which have been advanced, and a further US\$2,750,000 to be disbursed upon certain milestones being met over the remaining terms of the agreements.